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## Policy Implications

**P**olicymakers who deal with housing assistance face recurring issues: ensuring that available aid is directed toward those people who are most in need and developing strategies to help more eligible, unassisted renters in an era of fiscal stringency. This chapter briefly examines some implications of the study's findings for those two issues. Other, much broader issues could also be considered in the context of a fundamental reform of the nation's welfare system. They are, however, beyond the scope of this study.

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### Targeting of Aid

At present, not all federal housing aid goes to the households with the lowest incomes. Although most recipients of aid have very low incomes, almost one in five has an income that is above 50 percent of the median income in the renter's geographic area. In particular, three of the four groups of subsidized households considered in Chapter 3 (nonelderly renters without children, families with one or two children, and families with three or more children) have incomes that are, on average, more than 50 percent higher than those of their unsubsidized counterparts who qualify for priority for aid. The difference in average income between households that receive assistance and those that are on waiting lists may actually be somewhat smaller, however, because some of the poorest of the unsubsidized households have low incomes only temporarily and may never apply for aid.

Another aspect of the housing aid picture is the uneven patterns of distribution among different types of households. A disproportionate share of federal

aid goes to households headed by an elderly person, whereas families with children are served roughly according to their incidence in the very low income population. Yet a much larger share of eligible, unsubsidized households with children--especially those with three or more children--have one or more housing problems. Nonelderly households without children receive a small share of aid relative to their incidence in the eligible population. That disproportion is due in part to the large number of single people in that group; until 1990, they were ineligible for housing aid unless they met certain conditions such as being disabled.

Shifting the current patterns of distribution would not be an easy task.<sup>1</sup> Directing assistance to a group of households that were poorer or that needed larger (and thus more expensive) rental units than the group currently being served would increase the government's expenditures per recipient. Shifting aid to families with children would be complicated by the fact that aid now received by elderly households is typically tied to small units in projects constructed specifically for them.<sup>2</sup> The share of households with children that received aid could be increased--for example, by directing to them any current commitments of household-based aid that turned over annually or any new funding for incremental aid. Other options, such as the ones discussed in the next section of this chapter, would spread existing aid among

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1. For a wider-ranging discussion of options to change federal rental assistance programs, see Congressional Budget Office, *Current Housing Problems and Possible Federal Responses* (December 1988).
  2. That aid would be amenable to being retargeted toward larger households only if the Congress wanted to undertake a major restructuring of housing programs--essentially terminating project-based aid.

a greater number (and possibly different groups) of households.

Changing the way housing aid is distributed might also require changing the rules that programs use for establishing priority among the households on waiting lists. Current rules give priority to applicants with the most severe housing problems, which are defined in terms of the affordability and physical condition of their housing units. For the vast majority of households with priority, their only problem is high housing costs relative to income. The current rules, in effect, penalize households that make ends meet by renting inexpensive units of somewhat inadequate quality or size, or in undesirable neighborhoods, rather than renting more expensive units that they cannot afford. The data in this study show that renters in the priority group are, indeed, among the poorest in the nation, and those results hold firm for households with and without children. Yet the large ratios of housing costs to income for many of them may be a matter of choice in that in 1989, almost one-third of them were occupying units that rented for more than the local fair market rent. Although those renters, in paying such high rents, spent large shares of their incomes for housing, they were more likely to be satisfied with both their unit and their neighborhood.

In view of such findings, applicants for housing assistance could be assigned priority solely on the basis of their low income rather than by ratios of rent to income. At the same time, to increase work incentives among unsubsidized households, those with an employed adult could be given priority over those without one. That alternative is consistent with the Administration's proposal in this area.<sup>3</sup>

Eliminating the rent-to-income ratio as a criterion is not without drawbacks, however. Households that are forced to live in expensive units, because the cheaper ones simply are not available to them or are not turning over in their area, would be placed at a disadvantage. Moreover, using employment as a cri-

terion for priority does not guarantee that the adult would remain employed after being admitted to an assistance program.

Another way to change the mix of households with priority would be to add measures of the condition of a unit's neighborhood and of crowding to the definition of "severely substandard" housing. Such a change would shift more of the aid to large families, who are much more likely than others to have those types of problems. Giving priority to households that live in neighborhoods with multiple problems would improve their chance of moving to better neighborhoods (that offer better employment and educational opportunities). Some advocates of fair housing are concerned, however, that a federal "standard" for crowding could be used by landlords to discriminate against families with children in renting to unsubsidized households.

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## Helping More Unassisted Renters

The large number of unsubsidized households experiencing one or more of the housing problems that this study analyzed lends support to arguments for helping more unassisted households. One approach would be to make concerted efforts to reduce government regulations that drive up market rents for all households. A 1991 study found that regulatory barriers such as exclusionary zoning, permit approval processes, and local building codes raised the cost of housing as much as 20 percent to 35 percent in some communities.<sup>4</sup> Federal initiatives to reduce those barriers could consist of removing federal rules and regulations and providing incentives to states and local governments to do their share—for example, by making the removal of state and local regulations a condition for federal housing assistance. Further consideration of that type of approach, however, is beyond the scope of this study.

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3. The proposal was part of the Administration's 1995 budget request but was not described in any detail. It would encourage private owners of assisted housing projects and public agencies that administer housing programs to give preference to families who derive income from earnings.

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4. See Advisory Commission on Regulatory Barriers to Affordable Housing, *"Not in My Backyard": Removing Barriers to Affordable Housing* (1991).

Another approach would be to increase the number of assisted households. The federal government could accomplish that--without spending more federal resources for housing aid--by cutting the subsidy per assisted household. Alternatively, the government could help more households over time by limiting the time during which a given household may receive aid, thereby increasing the turnover of housing assistance.

## Reducing Subsidies per Household

The federal government could reduce the average subsidy it pays per household in several ways. Three options are considered here: shifting to cheaper forms of housing assistance, increasing the share of income that assisted households must contribute toward their rent, and lowering the maximum rent that the government will subsidize (which would, in effect, raise out-of-pocket expenditures for housing for many assisted households).

**Shift to Cheaper Forms of Housing Assistance.** In many cases, the costs of assisting households with subsidies that are tied to privately owned projects exceed the costs of assisting the same households with household-based subsidies. Costs are higher because rents in many projects that have had project-based assistance tied to them for many years exceed the maximum rent that the Department of Housing and Urban Development subsidizes under its household-based assistance programs--that is, the local FMRs for units of comparable quality.

More than a million long-term, project-based Section 8 contracts are set to expire over the coming years. Unprecedented opportunities thus exist to let some or all of that project-based aid expire and replace it with household-based subsidies.<sup>5</sup> The rents charged by landlords of the projects could rise or fall, depending on the rents that the projects could command in the open market. Affected households could choose to use their assistance to move elsewhere or to stay in their same units.

The government could maximize its potential savings per household if the type of aid it provided to households that chose to stay in the project combined the current voucher and certificate programs. Specifically, if the project's new rent exceeded the local FMR, households would pay the difference out of their own pockets, as in the current voucher program. If the new rent was below the FMR, the savings would go to the government, as in the current Section 8 certificate program.

Estimating the potential savings from this option is difficult because of incomplete data. The information that is available for certain Section 8 new construction and substantial rehabilitation projects suggests that current rents in those projects exceed FMRs, on average, by 35 percent. That implies that in 1995, the government could realize savings of at least \$2,400 per household. Once all of the current contracts had expired, annual savings would reach about \$2 billion (in 1995 dollars), which could aid about 450,000 additional households.<sup>6</sup>

Besides potentially increasing the number of assisted households, shifting from project-based to household-based aid would have other effects. It would probably increase the number of tenants who were satisfied with their neighborhoods and their housing units, because they would have the option of moving if they were not. Moreover, landlords would know that their tenants had that option, which would increase the incentives for landlords to maintain their projects adequately. At present, the virtual guarantee that projects will be subsidized in perpetuity takes away those incentives. (Landlords know that their units will always have occupants, even if they are dissatisfied ones.)

Shifting toward household-based aid could also help turn over aid from households with relatively high incomes to poorer ones, if that was desired. Household-based assistance automatically phases out once income rises high enough that 30 percent of it equals the lesser of two amounts: the rent of the unit that the household occupies or the local FMR.<sup>7</sup> In

5. This particular option does not deal with project-based aid in the form of public housing. Shifting from project-based to household-based subsidies in the public housing program is an option as well. But it raises a host of issues that are beyond the scope of this study.

6. This estimate assumes that savings of \$2,400 per household could be realized for all of the roughly 800,000 units assisted through the Section 8 new construction and substantial rehabilitation program.

7. For vouchers, the limit is the payment standard--roughly, the FMR.

that event, the commitment of assistance is freed up for another eligible household, and the now unsubsidized family has the choice of remaining in the unit that it occupies at the time. Under current funding rules, however, freeing up a commitment of project-based assistance would require that the current occupant vacate the unit.

Shifting away from project-based assistance also eliminates another dilemma peculiar to that form of aid--a dilemma that makes it difficult to target funds toward households with the lowest incomes. Projects with large concentrations of very poor households are often without "role models" (working households that are somewhat better off). As a result, renters consider such projects less desirable environments than projects that have households with more varied incomes. Yet encouraging the latter kind of project means subsidizing households with somewhat higher incomes to encourage them to move in or to remain there, once their incomes rise. Indeed, as noted in Chapter 3, in 1989 one in five households receiving project-based subsidies had incomes above the very low income threshold.

Arguments against replacing project-based contracts with household-based ones take several forms. The loss of guaranteed subsidies might increase the likelihood that landlords of projects that lost a large share of their tenants (because those tenants chose to use their subsidies to move elsewhere) would default on their federally insured mortgages. Such a consequence could be considered counterproductive if it generated outlays by federal insurance funds that substantially exceeded the savings over time from shifting to household-based aid.

In addition, available evidence suggests that the market rents that some projects can command exceed the FMR. Yet household-based subsidies would only cover the difference between the FMR and 30 percent of the tenants' incomes. Thus, tenants in those projects would face the choice of spending more than 30 percent of their income for rent or moving to a cheaper unit that suited their needs. Even though some 60 percent of the nation's stock of unsubsidized housing rents for less than the FMR (see Chapter 3), finding such a unit could be difficult in some tight housing markets, especially for large families. In general, losing a large number of units that were ear-

marked for assisted households would increase the amount of time households spent searching for suitable dwellings whose landlords were willing to participate in other assistance programs.

**Increase the Contribution by Subsidized Tenants to 35 Percent of Income.** This option takes into account the finding that the majority of very low income renters who do not receive assistance spend well over 30 percent of their income for housing. The savings generated by increasing what subsidized households pay--to 35 percent of their income--could be used to aid more households. This option would yield savings of roughly \$1.6 billion if it was fully implemented in 1995. Those funds could assist about 400,000 additional households with vouchers or certificates.

One advantage of this option is that it would treat all subsidized tenants the same because it could be implemented across all types of households and programs, including the Section 8 and public housing programs. Lowering the subsidy would also make participation less attractive to households with higher incomes and would thus improve the targeting of aid toward a lower-income group. In addition, it would decrease the uneven treatment of subsidized and unsubsidized renters, many of whom have been shown to be poorer than subsidized ones.

Along with these advantages, however, comes the hardship that this option would bring to the poorest of the assisted households, who would find it difficult to increase their contribution. It could also cause some higher-income renters to leave assisted housing projects in areas of the country where unsubsidized housing of similar quality would now be cheaper. As a result, concentrations of households with very low incomes would increase in some projects, possibly making them less desirable living environments. Finally, spreading federal resources more thinly across a larger number of households might reduce the chances that affected families would improve their economic circumstances and eliminate their need for federal aid.

**Reduce the Maximum Subsidized Rent.** Another way to reduce subsidies per household would be to lower the maximum rent that the government subsidizes. For example, the Administration proposed in

its 1995 budget to lower the FMRs for the Section 8 existing-housing program from the 45th percentile of local rents paid by recent movers to the 40th percentile. HUD estimates that such a change would decrease the average FMR by 3 percent, which would amount to a reduction in subsidies averaging about \$210 per household in 1995. Lowering the FMRs for all current tenants would free up roughly \$300 million in 1995. Those savings could be used to assist about 66,000 additional households.

Lowering the FMRs in the Section 8 existing-housing program would have an advantage compared with raising the share of income contributed by all subsidized households. Affected households would have the choice of moving into cheaper units and continuing to pay only 30 percent of their income, if they so desired. Although the proportion of subsidized renters who paid more than 30 percent of their income for rent would be likely to increase above the current level, their out-of-pocket expenditures would remain much below the amount that the average unsubsidized renter with priority now pays.

A disadvantage of reducing the FMRs is that it would decrease the number of housing units that subsidized households could choose from without paying more than 30 percent of their income for rent.<sup>8</sup> That result, as opponents to this option argue, would run counter to current initiatives to help inner-city households move to areas with better opportunities to advance economically. But lowering the FMR somewhat might not affect choice a great deal, given that in 1989, about 60 percent of the unsubsidized rental housing in the nation rented for less than the current FMR. The ultimate impact of the option on a local basis would depend on the proportion of owners of this part of the housing stock who were willing to participate in these programs and on the rate at which units turned over.

## Limiting the Duration of Assistance

Over time, the federal government could help more households that are not currently subsidized by limit-

ing assistance for households not headed by an elderly or disabled person to a fixed number of years--say, five--for any given household. The full amount of assistance could be provided, for example, for three years and then phased out over two years. Currently, rates of turnover for housing assistance are very low, as evidenced by the low mobility rates among households with project-based subsidies (see Chapter 3). For instance, in 1989, only 15 percent of large families with very low incomes and project-based subsidies had moved into their current unit during the previous year. That low percentage contrasted with the more than 40 percent of their unsubsidized very low income counterparts.

By increasing the turnover of aid, this option would reduce the time eligible households spent on waiting lists. It would also, over time, spread the existing aid among more households. Consequently, it would reduce the uneven treatment of households in similar circumstances. It would also facilitate any desired change in the groups that received assistance, because more commitments for new households would become available in any given year. Moreover, this option would increase the incentive of members of subsidized households to find jobs. That feature would make it consistent with other initiatives now being considered within the context of welfare reform and housing policy. Such initiatives include, for example, limiting the time over which Aid to Families with Dependent Children is provided. In the area of housing policy, they include disregarding a larger portion of earned income in determining a household's contribution to rent and limiting annual rent hikes for people whose income rises when they become employed.

Yet such an option would be difficult to implement across the board unless the Congress overhauled the funding mechanisms for housing programs as well. Under the option, the rent for a household with a project-based subsidy that had become ineligible for assistance would be raised to the level of the market rent. But current funding practices do not permit the subsidy that would be freed up to go to a new household in the form of household-based aid. Therefore, households with project-based subsidies would have to vacate their units, once their assistance ran out, to make room for new occupants. Some policymakers might find such displacements

8. Allowing certificate holders in the Section 8 program, like voucher holders, to pay more than 30 percent of their income in rent--by paying the difference between the FMR and the market rent--would require a change in the statute.

undesirable, even if the household was economically able to afford a different unit.

In addition, dealing with households that at the end of five years were unable to better their economic circumstances would force difficult decisions, no matter what kind of subsidy they received. Those households would either have to move or face a

significant reduction in the income they had available for items other than housing. In particular, some families with children might be unable to pay their rent after losing their assistance and might have to be evicted. Under such rules, private landlords could become reluctant to participate in assisted housing programs.

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# Appendixes





# Supplementary Tables to Chapter One

**T**his appendix presents tables containing the data used in constructing the figures in Chapter 1.

**Table A-1.**  
**Number of Households Receiving Rental Housing Aid and**  
**Outlays for That Aid, Fiscal Years 1977-1994**

Fiscal Year	Number of Assisted Households (Thousands)	Outlays (Millions of 1994 dollars)
1977	2,350	6,623
1978	2,580	7,744
1979	2,797	8,346
1980	2,886	9,639
1981	3,057	10,907
1982	3,266	11,830
1983	3,497	13,641
1984	3,659	15,369
1985	3,743	34,255
1986	3,895	16,134
1987	3,992	16,152
1988	4,079	16,997
1989	4,174	17,244
1990	4,256	17,844
1991	4,307	18,287
1992	4,446 <sup>a</sup>	19,245
1993	4,559	20,964
1994 <sup>b</sup>	4,671	22,320

SOURCE: Congressional Budget Office based on budget documents of the Department of Housing and Urban Development.

NOTE: The bulge in outlays in 1985 resulted from a change in the method of financing public housing that generated nearly \$14 billion in one-time expenditures. Because of those expenditures, outlays for public housing since 1985 have been roughly \$1.4 billion (in nominal terms) lower each year than they would otherwise have been.

a. This figure is estimated because the published data for that year are unreliable.

b. Figures for this year are estimated.

**Table A-2.**  
**Budget Authority for Rental Housing Aid, by Type of Aid,**  
**Fiscal Years 1977-1995 (In millions of 1994 dollars)**

Fiscal Year	Incremental	Nonincremental		Total
		Amendments and Renewals	Other	
1977	64,608	91	4,359	69,058
1978	61,008	85	5,701	66,794
1979	61,313	81	3,516	64,909
1980	42,570	59	7,514	50,144
1981	38,124	927	9,033	48,084
1982	17,592	437	10,111	28,139
1983	9,967	529	10,446	20,942
1984	12,113	334	7,505	19,952
1985	10,325	452	5,714	16,491
1986	9,720	1,118	4,245	15,083
1987	6,749	1,058	4,363	12,170
1988	6,257	1,162	4,941	12,360
1989	4,617	1,454	4,315	10,386
1990	3,939	2,713	5,168	11,819
1991	3,328	9,812	5,625	18,765
1992	5,144	9,691	6,152	20,988
1993	4,209	8,921	6,397	19,526
1994 <sup>a</sup>	5,042	6,260	8,747	20,049
1995 <sup>a</sup>	5,482	3,199	7,851	16,531

SOURCE: Congressional Budget Office based on budget documents of the Department of Housing and Urban Development.

NOTE: Incremental aid is aid that increases the number of assisted households. Nonincremental aid for renewals is aid that extends the life of current commitments of aid. It includes funding for amending contracts whose funds are exhausted before the end of the term of the contract. Other nonincremental aid includes, among other things, funding for aid tied to certain units that previously were assisted under a different program and funding for operating subsidies and modernization of public housing.

a. Figures for this year are estimated.

**Table A-3.**  
**Annual Commitments of Rental Housing Aid, by Type of Aid,**  
**Fiscal Years 1977-1995**

Fiscal Year	Incremental	Nonincremental		Total
		Renewals	Other	
1977	354,413	0	34,000	388,413
1978	317,026	0	9,000	326,026
1979	303,075	0	22,000	325,075
1980	187,892	0	18,000	205,892
1981	141,308	0	36,407	177,715
1982	39,522	0	76,216	115,738
1983	45,566	0	77,496	123,062
1984	78,539	0	54,774	133,313
1985	92,846	0	25,654	118,500
1986	85,556	0	14,459	100,015
1987	81,333	0	14,296	95,629
1988	74,636	0	10,583	85,219
1989	75,959	18,804	6,875	101,638
1990	56,049	39,771	12,908	108,728
1991	53,820	284,522	16,770	355,112
1992	68,927	246,886	32,572	348,385
1993	57,389	221,465	10,317	289,171
1994 <sup>a</sup>	78,004	188,219	78,647	344,870
1995 <sup>a</sup>	84,466	140,141	22,426	247,033

SOURCE: Congressional Budget Office based on budget documents of the Department of Housing and Urban Development.

NOTES: Commitments for any given year exclude housing units for which funds were deobligated, or canceled.

Incremental commitments increase the number of assisted households. Nonincremental commitments of aid for renewals extend the life of current commitments of aid. Other nonincremental commitments include aid tied to certain units that previously were assisted under a different program.

a. Figures for this year are estimated.

## Supplementary Tables to Chapter Two

**T**his appendix presents tables containing the data used in constructing most of the figures in Chapter 2. It also contains additional information that is referenced in the text of Chapter 2.

**Table B-1.**  
**Median Household and Median Family Income of Renters, by Household Size,**  
**1975-1991 (In 1991 dollars)**

Year	One Person	Two People	Three People	Four People	Five or More People	All
<b>Median Household Income</b>						
1975	12,617	24,169	24,063	25,272	23,062	20,234
1977	13,976	24,654	23,932	24,928	23,622	20,497
1979	14,329	25,538	24,150	24,985	23,119	20,715
1981	14,621	24,203	22,994	23,397	21,874	19,978
1983	14,826	23,864	22,610	23,645	20,896	19,863
1985	15,239	25,186	23,403	24,603	22,122	20,781
1987	14,866	25,536	23,957	25,281	22,576	20,934
1989	15,850	26,701	25,245	26,514	23,320	22,052
1991	14,731	25,208	23,434	23,921	22,748	20,460
<b>Median Family Income</b>						
1975	12,617	21,923	22,732	24,690	22,631	19,257
1977	13,976	21,559	21,900	23,826	22,895	19,150
1979	14,329	21,580	22,182	23,336	22,355	19,210
1981	14,621	20,587	21,222	22,004	21,130	18,593
1983	14,826	20,580	20,467	21,931	20,043	18,372
1985	15,239	21,078	20,786	23,022	20,916	19,088
1987	14,866	21,725	21,364	23,846	21,082	19,223
1989	15,580	21,884	22,076	24,653	21,743	20,005
1991	14,731	20,929	20,279	21,099	20,686	18,685
<b>Family Income as a Percentage of Household Income</b>						
1975	100	90.7	94.5	97.7	98.1	95.2
1977	100	87.4	91.5	95.6	96.9	93.4
1979	100	84.5	91.9	93.4	96.7	92.7
1981	100	85.1	92.3	94.0	96.6	93.1
1983	100	86.2	90.5	92.8	95.9	92.5
1985	100	83.7	88.8	93.6	94.5	91.9
1987	100	85.1	89.2	94.3	93.4	91.8
1989	100	82.0	87.4	93.0	93.2	90.7
1991	100	83.0	86.5	88.2	90.9	91.3

SOURCE: Congressional Budget Office based on data from the Census Bureau's Current Population Survey.

NOTES: Household income includes the income of all household members, whether or not they are related to the householder (a person named on the lease).

The data exclude renters who paid no cash rent.

**Table B-2.**  
**Trends in Real Gross Rent and Real Household Income of Renters at Various Levels of Their**  
**Rent and Income Distributions, 1975-1991**

Year	Monthly Gross Rent			Annual Household Income		
	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
<b>In 1991 Dollars</b>						
1975	267	378	494	10,542	20,234	32,717
1977	287	397	517	10,646	20,497	33,136
1979	291	399	523	10,854	20,715	33,855
1981	293	408	538	10,349	19,978	32,965
1983	309	431	570	9,963	19,863	33,238
1985	327	462	614	10,195	20,782	34,799
1987	341	478	647	10,106	20,934	36,124
1989	328	466	640	10,918	22,052	36,860
1991	327	460	621	10,013	20,460	34,902
<b>Percentage Change</b>						
1975-1977	7.5	4.9	4.6	1.0	1.3	1.3
1977-1979	1.5	0.7	1.1	2.0	1.1	2.2
1979-1981	0.8	2.2	3.0	-4.7	-3.6	-2.6
1981-1983	5.4	5.5	6.0	-3.7	-0.6	0.8
1983-1985	5.7	7.3	7.7	2.3	4.6	4.7
1985-1987	4.3	3.5	5.5	-0.9	0.7	3.8
1987-1989	-3.5	-2.6	-1.1	8.0	5.3	2.0
1989-1991	-0.4	-1.2	-3.0	-8.3	-7.2	-5.3
1975-1991	22.7	21.7	25.6	-5.0	1.1	6.7

SOURCE: Congressional Budget Office based on data from the Census Bureau's Current Population Survey and American (formerly, Annual) Housing Survey.

NOTES: Gross rent is the rent paid to the landlord plus any utility costs and property insurance paid by the tenant.

Household income includes the income of all household members, whether or not they are related to the householder (a person named on the lease).

All data exclude renters who paid no cash rent. The data on gross rents also exclude renters living in single-family homes on 10 acres or more.

**Table B-3.**

**Trends in Actual Median Gross Rent and Gross Rent for a 1975 Constant-Quality Unit, With and Without Adjusting for Depreciation, 1975-1991 (In 1991 dollars)**

Year	Actual Median Gross Rent	Gross Rent for a 1975 Constant-Quality Unit	
		Not Adjusted for Depreciation Before 1988	Adjusted for Depreciation in All Years
1975	378	378	378
1976	383	378	382
1977	397	380	387
1978	404	380	391
1979	399	373	386
1980	399	369	383
1981	408	370	387
1982	415	376	397
1983	431	382	408
1984	444	385	413
1985	462	392	424
1986	474	402	439
1987	478	401	439
1988	474	398	438
1989	466	394	436
1990	460	389	432
1991	460	387	431

**SOURCE:** Congressional Budget Office based on data from the Census Bureau's American (formerly, Annual) Housing Survey and from Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing, 1994* (Cambridge, Mass.: Joint Center for Housing Studies of Harvard University, 1994).

**NOTES:** Actual gross rents are interpolated for even years since 1982. The Congressional Budget Office estimated the gross rent (in 1991 dollars) of a constant-quality unit by separately tracking median contract rents and estimated median utility costs. The median contract rent of a unit rented in 1975 was inflated with the consumer price index for residential rent. The median cost of utilities not included in contract rents in 1975 (approximated by the difference between the median gross rent and the median contract rent in 1975) was inflated with the consumer price index for fuels and other utilities. The two components were then added for each year, and those annual totals were adjusted with the CPI-U-X1 (the revised consumer price index for urban consumers) to transform the results into 1991 dollars.

Gross rent is the rent paid to the landlord plus any utility costs and property insurance paid by the tenant.

A 1975 constant-quality unit is one with similar physical attributes (such as space and appliances) and a similar amount of fuels and other utilities consumed by the occupant as a unit with median rent in 1975.

The data exclude renters who paid no cash rent and renters living in single-family homes on 10 acres or more.



**Table B-4.**

**Trends in Income of Renters, by Data Source, Definition of Income, and Level of Their Income Distribution, 1975-1991 (In 1991 dollars)**

Year	CPS Household Income	CPS Family Income	AHS Family Income	AHS Family Income as a Percentage of CPS Household Income	AHS Family Income as a Percentage of CPS Family Income
<b>25th Percentile</b>					
1975	10,334	9,856	9,641	0.93	0.98
1977	10,484	9,872	9,685	0.92	0.98
1979	10,646	9,941	9,433	0.89	0.95
1981	10,237	9,472	8,878	0.87	0.94
1983	9,747	8,975	8,570	0.88	0.95
1985	10,042	9,316	9,047	0.90	0.97
1987	9,942	9,179	9,749	0.98	1.06
1989	10,663	9,776	9,846	0.92	1.01
1991	9,899	9,014	8,724	0.88	0.97
<b>Median</b>					
1975	19,948	19,015	18,903	0.95	0.99
1977	20,329	19,029	18,965	0.93	1.00
1979	20,469	19,046	18,405	0.90	0.97
1981	19,741	18,438	17,233	0.87	0.93
1983	19,567	18,129	16,957	0.87	0.94
1985	20,521	18,911	18,303	0.89	0.97
1987	20,648	18,996	19,462	0.94	1.02
1989	21,814	19,796	19,907	0.91	1.01
1991	20,274	18,498	18,000	0.89	0.97
<b>75th Percentile</b>					
1975	32,489	31,251	31,088	0.96	0.99
1977	33,097	31,473	31,229	0.94	0.99
1979	33,610	31,501	29,513	0.88	0.94
1981	32,696	30,705	29,107	0.89	0.95
1983	32,925	30,689	30,145	0.92	0.98
1985	34,494	32,012	30,749	0.89	0.96
1987	35,836	33,034	32,146	0.90	0.97
1989	36,466	33,425	32,648	0.90	0.98
1991	34,648	31,598	30,000	0.87	0.95

SOURCE: Congressional Budget Office based on data from the Census Bureau's Current Population Survey (CPS) and American (formerly, Annual) Housing Survey (AHS).

NOTES: The figures in the table include renters who paid no cash rent because the published AHS data include them. Thus, incomes based on the CPS that are shown here differ somewhat from those shown elsewhere in this study.

Household income includes the income of all household members, whether or not they are related to the householder (a person named on the lease).

**Table B-5.**

**Trends in Income of Homeowners, by Data Source, Definition of Income, and Level of Their Income Distribution, 1975-1991 (In 1991 dollars)**

Year	CPS Household Income	CPS Family Income	AHS Family Income	AHS Family Income as a Percentage of CPS Household Income	AHS Family Income as a Percentage of CPS Family Income
<b>25th Percentile</b>					
1975	18,891	18,634	18,023	0.95	0.97
1977	19,340	19,031	18,717	0.97	0.98
1979	19,753	19,350	18,947	0.96	0.98
1981	18,311	17,916	17,416	0.95	0.97
1983	18,937	18,554	17,374	0.92	0.94
1985	20,030	19,605	18,963	0.95	0.97
1987	21,217	20,713	19,928	0.94	0.96
1989	21,192	20,620	20,100	0.95	0.97
1991	20,446	19,953	19,000	0.93	0.95
<b>Median</b>					
1975	34,065	33,781	32,717	0.96	0.97
1977	35,453	35,100	34,481	0.97	0.98
1979	36,467	35,973	33,682	0.92	0.94
1981	34,328	33,727	32,954	0.96	0.98
1983	34,631	34,174	33,366	0.96	0.98
1985	36,578	35,912	34,725	0.95	0.97
1987	38,388	37,727	36,216	0.94	0.96
1989	38,802	38,080	36,308	0.94	0.95
1991	37,232	36,347	34,500	0.93	0.95
<b>75th Percentile</b>					
1975	50,394	50,028	52,825	1.05	1.06
1977	53,193	52,838	52,612	0.99	1.00
1979	54,554	54,064	51,336	0.94	0.95
1981	52,841	52,194	51,504	0.97	0.99
1983	54,093	53,398	52,691	0.97	0.99
1985	56,998	56,210	56,038	0.98	1.00
1987	60,084	59,279	58,582	0.97	0.99
1989	60,863	60,010	60,153	0.99	1.00
1991	58,938	57,971	57,500	0.98	0.99

SOURCE: Congressional Budget Office based on data from the Census Bureau's Current Population Survey (CPS) and American (formerly, Annual) Housing Survey (AHS).

NOTE: Household income includes the income of all household members, whether or not they are related to the homeowner.

## **Supplementary Tables to Chapter Three**

**T**his appendix presents tables containing the data used in constructing the figures in Chapter 3.

**Table C-1.****Subsidized and Unsubsidized Renters, by Demographic Group and Priority for Housing Assistance, 1989 (In thousands)**

Demographic Group <sup>a</sup>	Subsidized	Unsubsidized			
		Very Low Income		Low Income	Higher Income
		Priority	Other		
Elderly, Without Children	1,489	899	864	709	883
Nonelderly, Without Children	744	1,804	1,242	2,764	8,192
One or Two Children	1,357	1,266	1,232	1,999	3,255
Three or More Children	<u>480</u>	<u>601</u>	<u>634</u>	<u>551</u>	<u>664</u>
Total	4,070	4,570	3,972	6,023	12,994

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTE: See Box 3 in Chapter 3 for definitions of household groups and their priority status. The data exclude renters who paid no cash rent.

a. Elderly households are those headed by a person age 62 or older. Children are household members under age 18.

**Table C-2.**  
**Percentage of Subsidized and Unsubsidized Renters with Housing Problems, by Problem and Priority for Housing Assistance, 1989**

Problem	Subsidized	Unsubsidized			
		Very Low Income		Low Income	Higher Income
		Priority	Other		
<b>Thousands of Renters</b>					
Total	4,070	4,570	3,972	6,023	12,994
<b>Living in Relatively Costly or Physically Inadequate Units (As a percentage of the total)</b>					
No Problem	48	0	29	49	83
Costly Only	39	71	48	33	6
Costly and Substandard or Crowded	6	26	14	4	0
Substandard or Crowded Only	<u>7</u>	<u>3</u>	<u>9</u>	<u>14</u>	<u>11</u>
Total	100	100	100	100	100
<b>Living in Physically Inadequate Units (As a percentage of the total)</b>					
No Problem	87	71	77	82	89
Substandard Only	10	19	10	10	7
Substandard and Crowded	1	4	2	1	1
Crowded Only	<u>3</u>	<u>6</u>	<u>11</u>	<u>7</u>	<u>3</u>
Total	100	100	100	100	100

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTE: Physically inadequate units are substandard or crowded, or both. See Box 2 in Chapter 3 for definitions. See Box 3 in Chapter 3 for definitions of household groups and their priority status. The data exclude renters who paid no cash rent.

**Table C-3.**  
**Percentage of Subsidized and Unsubsidized Renters with Housing Problems, by Demographic Group and Priority for Housing Assistance, 1989**

Problem	Subsidized	Unsubsidized			
		Very Low Income		Low Income	Higher Income
		Priority	Other		
<b>Elderly, Without Children (As a percentage of the total)</b>					
No Problem	47	0	42	43	77
Costly Only	46	85	48	51	15
Costly and Substan- dard or Crowded	4	13	6	2	1
Substandard or Crowded Only	<u>4</u>	<u>2</u>	<u>4</u>	<u>4</u>	<u>7</u>
Total	100	100	100	100	100
<b>Nonelderly, Without Children (As a percentage of the total)</b>					
No Problem	51	0	25	53	86
Costly Only	42	73	62	34	5
Costly and Substan- dard or Crowded	4	23	8	4	0
Substandard or Crowded Only	<u>3</u>	<u>4</u>	<u>6</u>	<u>10</u>	<u>9</u>
Total	100	100	100	100	100
<b>One or Two Children (As a percentage of the total)</b>					
No Problem	51	0	29	50	83
Costly Only	36	70	47	29	4
Costly and Substan- dard or Crowded	7	27	16	4	0
Substandard or Crowded Only	<u>6</u>	<u>3</u>	<u>8</u>	<u>17</u>	<u>13</u>
Total	100	100	100	100	100
<b>Three or More Children (As a percentage of the total)</b>					
No Problem	37	0	17	35	64
Costly Only	26	48	25	15	4
Costly and Substan- dard or Crowded	14	49	31	8	1
Substandard or Crowded Only	<u>24</u>	<u>3</u>	<u>26</u>	<u>42</u>	<u>31</u>
Total	100	100	100	100	100

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTES: See Box 2 in Chapter 3 for definitions of housing problems and Box 3 for definitions of household groups and their priority status. The data exclude renters who paid no cash rent.

Elderly households are those headed by a person age 62 or older. Children are household members under age 18.

**Table C-4.**  
**Percentage of Subsidized and Unsubsidized Renters with Physically Inadequate Housing,**  
**by Demographic Group and Priority for Housing Assistance, 1989**

Problem	Subsidized	Unsubsidized			
		Very Low Income		Low Income	Higher Income
		Priority	Other		
<b>Elderly, Without Children (As a percentage of the total)</b>					
No Problem	92	85	90	93	92
Substandard Only	8	14	9	6	7
Substandard and Crowded	0	0	0	0	1
Crowded Only	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
Total	100	100	100	100	100
<b>Nonelderly, Without Children (As a percentage of the total)</b>					
No Problem	93	73	87	87	91
Substandard Only	7	25	12	11	7
Substandard and Crowded	0	1	0	0	0
Crowded Only	<u>0</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
Total	100	100	100	100	100
<b>One or Two Children (As a percentage of the total)</b>					
No Problem	87	70	76	79	87
Substandard Only	10	18	8	9	7
Substandard and Crowded	0	5	2	2	1
Crowded Only	<u>2</u>	<u>7</u>	<u>13</u>	<u>10</u>	<u>5</u>
Total	100	100	100	100	100
<b>Three or More Children (As a percentage of the total)</b>					
No Problem	62	48	42	50	68
Substandard Only	18	14	9	7	7
Substandard and Crowded	5	14	10	7	4
Crowded Only	<u>15</u>	<u>23</u>	<u>39</u>	<u>36</u>	<u>20</u>
Total	100	100	100	100	100

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTES: Physically inadequate units are substandard or crowded, or both. See Box 2 in Chapter 3 for definitions. See Box 3 in Chapter 3 for definitions of household groups and their priority status. The data exclude renters who paid no cash rent.

Elderly households are those headed by a person age 62 or older. Children are household members under age 18.

**Table C-5.**  
**Percentage of Subsidized and Unsubsidized Renters Dissatisfied with Their Neighborhoods or Housing Conditions, by Demographic Group and Priority for Housing Assistance, 1989**

Problem	Subsidized	Unsubsidized			
		Very Low Income		Low Income	Higher Income
		Priority	Other		
<b>Elderly, Without Children (As a percentage of the total)</b>					
No Dissatisfaction	77	78	80	80	83
Neighborhood Only	14	9	9	9	8
Neighborhood and Housing	5	9	5	5	4
Housing Only	<u>5</u>	<u>4</u>	<u>6</u>	<u>5</u>	<u>4</u>
Total	100	100	100	100	100
<b>Nonelderly, Without Children (As a percentage of the total)</b>					
No Dissatisfaction	67	62	65	70	77
Neighborhood Only	18	15	14	13	9
Neighborhood and Housing	10	13	12	8	6
Housing Only	<u>4</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>7</u>
Total	100	100	100	100	100
<b>One or Two Children (As a percentage of the total)</b>					
No Dissatisfaction	55	55	62	68	73
Neighborhood Only	24	14	15	14	11
Neighborhood and Housing	18	19	14	10	7
Housing Only	<u>3</u>	<u>12</u>	<u>9</u>	<u>8</u>	<u>8</u>
Total	100	100	100	100	100
<b>Three or More Children (As a percentage of the total)</b>					
No Dissatisfaction	47	49	48	65	72
Neighborhood Only	27	14	17	11	8
Neighborhood and Housing	20	22	23	12	10
Housing Only	<u>6</u>	<u>15</u>	<u>12</u>	<u>12</u>	<u>10</u>
Total	100	100	100	100	100

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTES: See Box 3 in Chapter 3 for definitions of household groups and their priority status. The data exclude renters who paid no cash rent.

Elderly households are those headed by a person age 62 or older. Children are household members under age 18.



**Table C-6.**  
**Subsidized and Unsubsidized Renters, by Type of Subsidy or Rent Level and Priority**  
**for Housing Assistance, 1989**

Priority Status	Subsidized		Unsubsidized	
	Project Based	Household Based	Up to FMR	More than FMR
<b>In Thousands</b>				
Very Low Income	2,450	917	6,788	1,754
Low Income	344	84	3,984	2,039
Higher Income	<u>215</u>	<u>60</u>	<u>5,626</u>	<u>7,368</u>
Total	3,010	1,060	16,398	11,160
<b>As a Percentage of All Households</b>				
Very Low Income	81	87	41	16
Low Income	11	8	24	18
Higher Income	<u>7</u>	<u>6</u>	<u>34</u>	<u>66</u>
Total	100	100	100	100

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTES: See Box 1 in Chapter 1 for definitions of types of subsidies. See Box 3 in Chapter 3 for definitions of household groups and their priority status. The data exclude renters who paid no cash rent.

The fair market rent (FMR) is the maximum rent in a geographic area that the Department of Housing and Urban Development subsidizes in some of its programs.

**Table C-7.**

**Subsidized and Unsubsidized Very Low Income Renters, by Demographic Group and Type of Subsidy or Rent Level, 1989 (In thousands)**

Demographic Group	Subsidized		Unsubsidized	
	Project Based	Household Based	Up to FMR	More than FMR
Elderly, Without Children	1,130	237	1,430	333
Nonelderly, Without Children	399	130	2,302	743
One or Two Children	670	382	2,024	474
Three or More Children	<u>251</u>	<u>167</u>	<u>1,033</u>	<u>203</u>
Total	2,450	917	6,788	1,754

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTES: See Box 1 in Chapter 1 for definitions of types of subsidies. See Box 3 in Chapter 3 for a definition of very low income renters. The data exclude renters who paid no cash rent.

Elderly households are those headed by a person age 62 or older. Children are household members under age 18.

The fair market rent (FMR) is the maximum rent in a geographic area that the Department of Housing and Urban Development subsidizes in some of its programs.

**Table C-8.**  
**Percentage of Subsidized and Unsubsidized Very Low Income Renters with Physically Inadequate Housing, by Demographic Group and Type of Subsidy or Rent Level, 1989**

Problem	Subsidized		Unsubsidized	
	Project Based	Household Based	Up to FMR	More than FMR
<b>Elderly, Without Children (As a percentage of the total)</b>				
No Problem	92	91	86	92
Substandard Only	8	8	13	6
Substandard and Crowded	0	0	0	1
Crowded Only	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Total	100	100	100	100
<b>Nonelderly, Without Children (As a percentage of the total)</b>				
No Problem	97	85	77	84
Substandard Only	3	15	22	13
Substandard and Crowded	0	0	1	1
Crowded Only	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>
Total	100	100	100	100
<b>One or Two Children (As a percentage of the total)</b>				
No Problem	85	85	73	76
Substandard Only	12	12	14	10
Substandard and Crowded	0	1	4	2
Crowded Only	<u>3</u>	<u>3</u>	<u>10</u>	<u>12</u>
Total	100	100	100	100
<b>Three or More Children (As a percentage of the total)</b>				
No Problem	65	66	45	49
Substandard Only	17	15	13	4
Substandard and Crowded	6	5	11	16
Crowded Only	<u>12</u>	<u>14</u>	<u>32</u>	<u>31</u>
Total	100	100	100	100

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTES: See Box 1 in Chapter 1 for definitions of types of subsidies. Physically inadequate units are substandard or crowded, or both. See Box 2 in Chapter 3 for definitions. See Box 3 in Chapter 3 for a definition of very low income renters. The data exclude renters who paid no cash rent.

Elderly households are those headed by a person age 62 or older. Children are household members under age 18.

The fair market rent (FMR) is the maximum rent in a geographic area that the Department of Housing and Urban Development subsidizes in some of its programs.

**Table C-9.**

**Percentage of Subsidized and Unsubsidized Very Low Income Renters Dissatisfied with Their Neighborhoods or Housing Conditions, by Demographic Group and Type of Subsidy or Rent Level, 1989**

Problem	Subsidized		Unsubsidized	
	Project Based	Household Based	Up to FMR	More than FMR
<b>Elderly, Without Children (As a percentage of the total)</b>				
No Dissatisfaction	76	73	79	78
Neighborhood Only	14	14	9	8
Neighborhood and Housing	5	5	6	10
Housing Only	<u>4</u>	<u>9</u>	<u>5</u>	<u>4</u>
Total	100	100	100	100
<b>Nonelderly, Without Children (As a percentage of the total)</b>				
No Dissatisfaction	59	68	60	73
Neighborhood Only	24	18	16	11
Neighborhood and Housing	14	10	13	10
Housing Only	<u>4</u>	<u>4</u>	<u>11</u>	<u>6</u>
Total	100	100	100	100
<b>One or Two Children (As a percentage of the total)</b>				
No Dissatisfaction	50	64	57	65
Neighborhood Only	26	24	15	11
Neighborhood and Housing	20	10	17	13
Housing Only	<u>4</u>	<u>2</u>	<u>11</u>	<u>12</u>
Total	100	100	100	100
<b>Three or More Children (As a percentage of the total)</b>				
No Dissatisfaction	37	57	44	66
Neighborhood Only	31	25	17	9
Neighborhood and Housing	29	11	24	18
Housing Only	<u>3</u>	<u>8</u>	<u>15</u>	<u>7</u>
Total	100	100	100	100

SOURCE: Congressional Budget Office based on a special version of the Census Bureau's 1989 American Housing Survey.

NOTES: See Box 1 in Chapter 1 for definitions of types of subsidies. See Box 3 in Chapter 3 for a definition of very low income renters. The data exclude renters who paid no cash rent.

Elderly households are those headed by a person age 62 or older. Children are household members under age 18.

The fair market rent (FMR) is the maximum rent in a geographic area that the Department of Housing and Urban Development subsidizes in some of its programs.





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